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SUBJECT: TOUR D'HORIZON OF PORTUGAL'S EU PRESIDENCY AGENDA

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Classified By: LCLIFTON

[1](#)1. (C) SUMMARY. In recent meetings with EUR/ERA director Bill Lucas, Portuguese officials shared their latest thinking on Lisbon's agenda for its EU presidency (July ) December 2007). Lisbon has a number of challenges on its plate: securing final approval of an EU reform treaty; holding an EU-Africa summit while not exacerbating internal EU tensions over the question of Robert Mugabe's participation; and achieving an expeditious implementation of the Ahtisaari proposal on Kosovo. It will be a demanding presidency, and it is not yet clear whether Portugal will have the heft to drive EU action on some of the key issues in a direction consistent with U.S. interests. END SUMMARY.

[1](#)2. (SBU) EUR/ERA Director Bill Lucas met in Lisbon on June 28 with the directors of the MFA's regional offices and the next day met separately with the Prime Minister's senior diplomatic advisor, MFA Director for European Institutions Mario Miranda Duarte, MFA Director for the Americas Helena Coutinho, and senior Ministry of Economy policymakers. Lucas was accompanied by EUR/ERA econ deputy Eric Luftman, Portugal desk officer Kevin Opstrup, and Embassy officials.

#### U.S. Priorities

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[1](#)3. (SBU) With all his interlocutors, Lucas underscored U.S. interest in building on strong US-EU cooperation during the preceding German presidency and highlighted USG priorities in the economic, political, and Justice and Home Affairs spheres. On economic issues, Lucas identified the top three objectives as progress on Doha, concrete deliverables \* such as agreement on accounting standards \* for signing at the first ministerial meeting of the Transatlantic Economic Council (TEC) this November, and a high-level dialogue on energy and climate change. On the political front, he stressed support on Afghanistan and Iraq reconstruction, on dealing with a newly assertive Russia -- including on missile defense and Kosovo -- EU-NATO collaboration on ESDP, Iran, the Middle East, and Darfur. He noted that now that the Passenger Name Record agreement is practically done, we must continue our effort to reach agreement on principles for sharing sensitive data for law enforcement and counterterrorism purposes. Lucas also urged Portuguese help toward member- state ratification of the implementing instruments for the U.S.-EU Extradition and Mutual Legal Assistance Treaty.

#### EU Reform Treaty

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14. (C) Mario Miranda Duarte, the MFA's Director for EU Institutions, said the mandate for the way forward on the reform treaty that emerged from the June European Council had been very clear, and he outlined an ambitious timeline for finalizing the text. The Portuguese plan to circulate a draft text at the next General Affairs and External Relations Committee (GAERC) meeting July 23-24, to allow parties time to review it during August vacations. Miranda Duarte added that Portugal's ultimate goal is to have leaders endorse a final text at their informal European Council meeting October 18-19. According to Miranda Duarte, the Portuguese will add a clause on energy security, a Polish initiative endorsed by the German presidency.

15. (C) Ministry of Economy (MoE) Deputy Director General (DG) for Economic Activity Nuno Lucio noted Sarkozy's insistence on removal of any reference to "free and undistorted competition" from the revised EU treaty preamble. Lucio's supervisor, DG for Economic Activity Mario Lobo, commented that the French President "likes to shake things up" by saying that competition is a means to an end, not an end in itself. Lobo further remarked that Sarkozy's removal of the "free and undistorted competition" wording was "a powerful message received by all of the EU member states."

#### AFRICA

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16. (C) The MFA's Miranda Duarte said the Portuguese presidency is in the process of developing a joint strategy with Africa ) covering commerce, good governance, health issues, and defense/security ) in anticipation of the EU-Africa summit Portugal hopes to host in December.

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17. (C) Nuno de Mello Bello, the MFA's Director for Africa, declined to speculate on Zimbabwean President Mugabe's possible participation or on how this might affect other leaders' attendance, stating that those decisions would be made above his level. (Comment: Mello Bello has told us in previous conversations that Portugal plans to invite European leaders and the AU would invite African leaders. Although the Portuguese share our views about Mugabe, they are willing to allow him to travel to Lisbon, if that is the price for ensuring the summit occurs. End comment.)

#### BRAZIL

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18. (C) Miranda Duarte noted that the idea for the EU-Brazil Summit came about in part to address the fact that Brazil was the only BRIC country (Brazil, Russia, India, China) with which the EU did not have a sustained, institutionalized high level dialogue. Helena Coutinho, the MFA's Americas Director, added that the EU's efforts to upgrade relations with Brazil to a strategic partnership would have a positive impact on EU discussions with Mercosul.

#### KOSOVO AND RUSSIA

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19. (C) Liliana Araujo, MFA Director for European Affairs, said Kosovo would obviously be one of Portugal's top priorities during the next six months. She noted that Lisbon's Special Envoy for the Balkans, Antonio Tanger Correa, is Ambassador in Vilnius. He travels extensively in relation to his Balkans responsibilities, and he will maintain Vilnius for now as his home base. Asked if it was the Portuguese view that the independence of Kosovo might set a precedent, Araujo responded that Kosovo was a specific case at a specific time that Lisbon did not expect to set a precedent, although she said she expected others to claim that it would. She suggested that the EU-Russia dynamic was complicated by the Russian electoral process.

¶10. (C) Roza de Oliveira, the Prime Minister's senior diplomatic advisor, insisted that Russia must be a part of any solution on Kosovo, and he declined to be drawn out on what path the EU ought to pursue in the event of a Russian veto of the draft UN Security Council Resolution.

#### THE MIDDLE EAST

¶11. (C) Isabel Pedrosa, MFA Director for the Middle East/Maghreb, pointed out that Lisbon has appointed two full-rank Ambassadors to be Special Envoys in the region. The Portuguese Consul General in Barcelona will serve as Envoy to the Mediterranean and the Barcelona Process while the Ambassador in Algeria will serve as Envoy to the Middle East Peace Process (MEPP). Pedrosa confirmed that PM Jose Socrates hopes to travel to the Middle East early in the presidency and added that his agenda will be to try to advance progress on the key issues by engaging all of the relevant actors.

#### ASIA

¶12. (C) Gabriela Albergaria, MFA Director for Asian Affairs, commented that Portugal's Asia agenda will feature three summits: with China, India, and the first-ever EU-ASEAN Summit at the heads of state/heads of government level, but added that the main focus will be on the first two. The EU-China Summit will focus on energy/climate change and a Partnership and Cooperation Agreement (PCA). When asked, she said there is no political will among the EU member states to revisit the arms embargo, given the internal lack of consensus. The agenda for the EU-India Summit will emphasize science and technology and energy/climate change, although there also will be exploratory talks on a PCA agreement. The ASEAN summit, to be held November 22 in Singapore, will be a largely symbolic event to mark 30 years of dialogue between the two blocs and will seek to adopt a joint action plan. Separately, Albergaria noted that Portugal currently is too stretched to contribute to an ESDP mission in Afghanistan.

#### ECONOMIC ISSUES ) ALTERNATIVE AND RENEWABLE ENERGY

¶13. (C) Mario Lobo, the Ministry of Economy's DG for Economic Activity, who had recently taken up his position, indicated that Portugal's economic priorities are reviewing the EU's competition and innovation policy, launching an EU energy policy with a focus on renewable energy, and refining the

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EU's market access strategy to better compete in the globalization of the economy. He also stated that Lisbon would emphasize boosting economic ties with the countries with which it will hold summits. Deputy DG Nuno Lucio expressed frustration that summits between US and EU officials create expectations that often are not fulfilled afterwards. Chief of the Energy Policy and Planning Division Maria Luisa Portugal Basilio emphasized that Lisbon, with an eye toward meeting the EU's goal of having 20 percent of its energy in 2020 derive from alternative and renewable sources, would concentrate its efforts on linking climate change with energy issues. The Portuguese urged Washington to work with Lisbon to meet the 2020 goal.

#### DOHA ROUND/WTO TALKS

¶14. (C) EUR/ERA Director Lucas suggested that Lisbon's upcoming summits with Brazil and India would provide good opportunities to narrow the gap with Brasilia's and New Delhi's positions. Miranda Duarte agreed that would be a top item on the agendas for those summits.

#### THE ROLE OF THE TRANSATLANTIC ECONOMIC COUNCIL (TEC)

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¶15. (C) The MoE's Nuno Lucio observed that the TEC would seem to replace the US-EU economic ministerial meetings, since, in Lucio's view, many of the issues would overlap. He also asked about the relationship between the TEC and US regulatory agencies. EUR/ERA Deputy Director Eric Luftman answered that a key goal of the TEC is to facilitate collaboration between European authorities and OMB in developing common regulations for currently unregulated technology sectors, such as biofuels. Mario Lobo mentioned that Lisbon and Madrid had recently created a biotechnology partnership and cooperation with us in this area would be welcome.

COMMENT

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¶16. (C) Portugal intends mostly to shepherd issues inherited from the German presidency, particularly putting the finishing touches on the reform treaty, and to be prepared to react to developments in hot spots such as Kosovo and the Middle East. At the same time, Lisbon is staking the success of its presidency in part on the EU-Africa Summit, a political hot potato that could create a diplomatic row with at least some EU and/or African countries. While Portugal appears ready to permit Mugabe's participation in the face of British and Dutch opposition, the threat that additional EU leaders may stay away could weaken Lisbon's willingness to allow the Zimbabwean president a platform to thumb his nose at the international community. More generally, senior Portuguese officials have expressed their interest in collaborating closely with us during their presidency, but Lisbon's inclination to play facilitator and fair broker on issues that require more aggressive leadership )- Kosovo and Russia in particular )) means it will require some bucking up from us.

¶17. (U) EUR/ERA Director Lucas cleared this cable.  
O'Neal